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Are Propane Firms In Connecticut Playing Fair On Taxes?

Watchdog

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January 25, 2009

This column is part of a continuing series shedding light on the least transparent energy industry in the country: propane gas.

Propane companies like Bemer's Gas in Glastonbury say that they must charge higher rates to customers who rent their tanks, in part, because the firms are required to pay municipal property taxes on their leased equipment.

However, Bemer's has failed to notify assessors in at least three towns that it owns residential tanks — retailing for as much as \$4,500 each — and has not paid one cent in taxes on them.

Assessors in Essex, Chester and Deep River confirmed last week that they were unaware that Bemer's had leased equipment in their towns for years — that is, until a Deep River resident, Travis Board, blew the whistle on the Glastonbury propane company.

Board's inquiries about Bemer's are now raising questions among those assessors about which other propane companies may have failed to declare their personal property and whether firms are low-balling the value they place on their tanks to minimize their taxes.

Bemer's Vice President David DeTuccio said Friday that the issue "is being looked into."

He said that notifying assessors was a job that was "outsourced" to an entity he declined to identify.

"We are looking into it; it is irrelevant who it's outsourced to," DeTuccio said.

He also said Bemer's has reported its tanks to Deep River. When I reminded him that was only because Board reported his company to that town's assessor last year, DeTuccio said he only has Board's word for that. I assured DeTuccio that I have been able to confirm with authorities every assertion Board made against his company.

Board, an Air Force captain, decided to look into what Bemer's declared in his town after the company attempted to justify its higher per-gallon price for his propane by saying it has to pay personal property tax on its equipment.

Knowing that at least a half-dozen of his neighbors also lease large underground propane tanks from Bemer's and have done so for eight years, Board went to his town hall and checked the computer to see how many tanks Bemer's had active liens on.

He discovered a dozen, but when checking with Assessor Robin O'Loughlin, he found that Bemer's had not declared any of them as taxable.

O'Loughlin said she then sent Bemer's a notice demanding that it declare the equipment in her town. The company fessed up in November that it did have undeclared tanks. She said Wednesday that she is still attempting to get details about the number of tanks involved.

Essex Tax Collector Jessica Graves was also unaware of Bemer's tanks until Board told her that the company had at least six tanks leased to Essex residents.

"It's disturbing," she said, telling me that Bemer's has "ignored a law ... that is pretty common knowledge" among companies: Leased equipment must be declared.

She said Wednesday that she is still waiting for Bemer's to respond to her demand that it file tax statements that would include a declaration of its property.

Graves said she will look into whether other companies have failed to report their tanks. She said she is now also suspicious about whether the true value of the tanks is being reported.

Pat Stevenson, Chester assessor, also said she was surprised when Board told her that Bemer's had at least one tank in her town. She said she will contact Bemer's and demand that it list its property.

Under state laws, propane companies are no longer required to itemize the number of tanks they have leased or their size. They are simply required to give a total figure as to the value of all of the tanks.

That makes Portland Assessor Nicole D. Lintereur suspicious. Based on data she sees in her town, she thinks the average declared value is about \$400 a tank. Some tanks are declared at \$27.

That is interesting because Bemer's and other companies discourage customers from buying their tanks by asserting that even old underground tanks are worth the same as new ones and demand full price. They insist that propane tanks last forever, and therefore customers wishing to buy their tanks have to pay the present cost of a new tank unless they want the company to dig up the old tank and remove it, leaving the customer with a

hole in the yard.

That discourages customers from buying their tanks and keeps them hostage to propane dealers, which is exactly what the dealers want. State fire marshal regulations permit only the owner of the tank to fill it. Therefore, those who rent their tanks can only have their company fill it.

It's easy to understand why only 4 percent of propane tanks in Connecticut are resident-owned.

To read the complete letter Board wrote me outlining his investigation and his dealings with Bemer's, see my blog www.courant.com/ctwatchdog.

Price Comparisons

Because propane companies in Connecticut do not publicize their complex pricing structures, it's difficult to find out whether or by how much you are being ripped off. Some companies in other states do list their prices on their websites.

Keep in mind that prices vary by how much you use — the less you use, the more you pay per gallon — and by who owns the equipment.

Four places to check for comparisons are:

In Connecticut:

- http://www.ct.gov/opm/lib/opm/pdpc_energy/shoppsurvey.pdf

Nationally:

- <http://tonto.eia.doe.gov/oog/info/hopu/hopu.asp>

- <http://www.homeheatingoilprices.com/>

- <http://www.propane-prices.com/suppliers.html>

Please let me know whether you have additional places where it is worthwhile to check.

HOW TO REACH ME *If you have an issue that you would like me to look into, please e-mail me at watchdog@courant.com. You can also send mail to me at Watchdog, Hartford Courant, 285 Broad St., Hartford, CT 06115 (please include your telephone number and town). I will respond to as many complaints as time permits. You can read my daily blog at courant.com/ctwatchdog.*

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